

**Pre-Feasibility Study**  
**An Integrated Maintenance Company Project**  
**Amman**

April, 2017

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### Amman Governorate



## 1. Executive Summary

This study aims at determining the Pre-Feasibility Study for the establishment of a maintenance company that offer integrated and modern services, in a manner characterized by comprehensiveness in providing service to various sectors, such as commercial complexes, companies, offices and homes. The following table shows the preliminary indications of the project.

**Table 1: Initial Indicators of the Project**

<b>Project Name</b>	The Integrated Maintenance Company
<b>Sector</b>	Services Sector
<b>Governorate</b>	The Capital
<b>Region</b>	The main office is located in the Capital Governorate, and can open other branches in the other Governorates.
<b>Products/Services</b>	<ul style="list-style-type: none"> <li>• Comprehensive Maintenance Services.</li> <li>• Heating, Air Conditioning &amp; Refrigeration Maintenance Services.</li> <li>• Electrical Maintenance Services.</li> <li>• Water and Wastewater Maintenance Services.</li> <li>• Wells and Reservoirs Maintenance Services.</li> <li>• Elevator Maintenance Services.</li> <li>• Etc.</li> </ul>
<b>Project Description</b>	The project is based on establishing a maintenance company that offer integrated and modern services, in a manner characterized by comprehensiveness in providing the service, Utilizing the expertise of multi-disciplinary team.
<b>Target Market</b>	<ul style="list-style-type: none"> <li>• The Household Sector.</li> <li>• The Corporate and Offices Sector</li> </ul>
<b>Investment Cost</b>	The investment cost of the project is about 1.16 million JD.
<b>The average return on investment</b>	The average return on investment during five years is about 4.8%
<b>Internal Rate of Return</b>	The internal rate of return for the project is about 19.4%
<b>Average added value of the project</b>	The average added value to the project in five years is about 601 thousand JD.
<b>Risk Assessment</b>	The Sensitivity Analysis indicates a low risk in case of 10% increase in investment cost, or 10% increase in operating costs, or 10% decrease in revenues.
<b>The Project Justifications</b>	<ul style="list-style-type: none"> <li>• The increasing demand for maintenance services.</li> <li>• Providing maintenance services individually at present, for each</li> </ul>

	<p>type of maintenance.</p> <ul style="list-style-type: none"><li>• The absence of standards for providing the service at present, and lack of trust of service providers.</li><li>• Employment of National Labor.</li></ul>
<b>Partners/ Stakeholders</b>	<ul style="list-style-type: none"><li>• None</li></ul>

## 2. The Macroeconomic Environment

### 2.1 An Overview of the Hashemite Kingdom of Jordan

The Hashemite Kingdom of Jordan is a landlocked country surrounded by land except at its southern extremity at the port of Aqaba, where that area is the only sea exit area in Jordan. The Kingdom is bordered at its west side by Palestine and the Mediterranean Sea, at its south and east by the Kingdom of Saudi Arabia, at north east by Iraq and at north by Syria.

Figure 1: Map of the Hashemite Kingdom of Jordan



Jordan is marked by three climatic zones from west to east including the Jordan Valley, most of which lies below sea level and is considered subtropical, and upland areas to the east of the Jordan Valley, ranging in height from 100 to 1500 meters above sea level and this is one of the areas dominated by Mediterranean climate, and the desert areas stretching to the east of the highlands.

The total area of the Kingdom is approximately 89.3 thousand square kilometers, and the semi-desert conditions prevail in over 80% of this area where there are some wet lands settings like Azraq Basin.

The kingdom is divided administratively into twelve governorates distributed into three regions: the Northern Region (includes the governorates of Irbid, Mafrqa, Jerash and Ajloun) while the Central Region (includes the governorates of the capital, Zarqa, Balqa, Madaba) and the Southern Region (includes the governorates of Karak, Tafila, Ma'an, Aqaba), and the major cities are Amman (the capital), Zarqa and Irbid.

## 2.2 Population

Based on the General Census of Population and Housing in 2015, the population in the kingdom amounted to about 9.5 million people with a population density of 107.3 inhabitants per km<sup>2</sup>, where the Capital City knocked off other governorates by population amounting to about 4 million people and a population density of 538.8 inhabitants per km<sup>2</sup>, mainly because Amman is the most attractive governorate for Jordanians and for those coming to Jordan from other countries, followed by Irbid Governorate with a population of 1.8 million people, and then Zarqa Governorate with a population of 1.4 million. Tafila Governorate which is considered to be the least populous governorate whose population is about 96 thousand people.

**Table 2: Number of population and population density in the Kingdom for 2015**

Governorate	Population (people)	Area (Km <sup>2</sup> )	Population density (people/ km <sup>2</sup> )
<b>Central Region</b>			
Capital	4007526	7,579	528.8
Zarqa	1364878	4761	286.7
Balqa	491709	1120	439.0
Madaba	189192	940	201.3
<b>North Region</b>			
Irbid	1770158	1572	1126.1
Mafraq	549948	26551	20.7
Jerash	237059	410	578.2
Ajloun	176080	420	419.2
<b>Southern Region</b>			
Karak	316629	3495	90.6
Tafeileh	96291	2209	43.6
Maan	144082	32832	4.4
Aqaba	188160	6905	27.2
<b>Total of Kingdom</b>	<b>9531712</b>	<b>88793.5</b>	<b>107.3</b>

Source: Department of Statistics, Jordan General Population and Housing Census, 2015

On the other hand, the population growth rate has reached about 3% in 2010 and increased to 9% during the years 2013 and 2014 and then dropped a little during 2015 to reach about 8%, according to demographic surveys for the Department of Statistics. The reason for the high growth rates is attributed to the influx of large numbers of refugees from Syria to the Kingdom which resulted in a marked decline in per capita real GDP index by 5.4% to JD 1,197.4, based on the Statements of the Central Bank of Jordan.

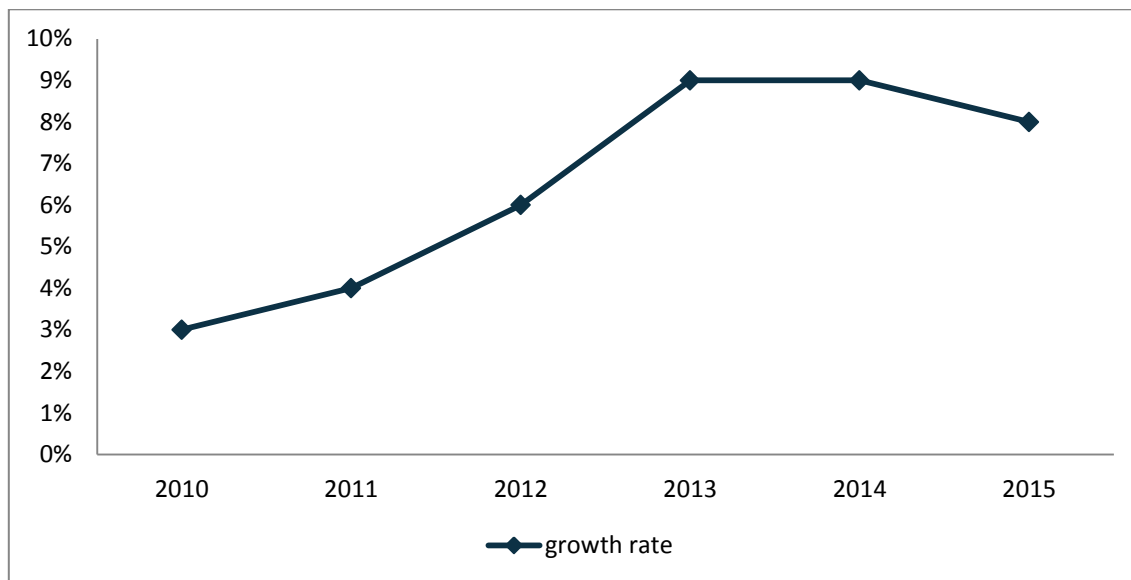
The unemployment rate among Jordanians also witnessed a rise by 1.1 percentage to reach to 13%, due to the structural imbalances that the labor market is suffering from and the acquisition of the low-paid foreign workers on a large number of new jobs in the economy, according to the Central Bank of Jordan.

**Table 3: Number of population and population growth in the Kingdom, thousand**

	2010	2011	2012	2013	2014	2015
population	6698.0	6993.0	7427.0	8114.0	8804.0	9531.7
growth rate	%3	%4	%6	%9	%9	%8

Source: Department of Statistics

**Figure 2: population growth rate in the Kingdom**





### **2.3 Economic Indicators in the Kingdom <sup>1</sup>**

Countries across the Middle East are still suffering from instability and closure or partial closure of borders; including the borders of important markets for the Kingdom's products. These factors led to a decline in the performance of many of the economic sectors, including the external sector, national exports, touristic income, and Foreign Direct Investment (FDI), and they contributed to a slowdown in the economic growth to about 2.4% in 2015, compared to 3.1% in 2014. The growth achieved in 2015 came from growth across several economic sectors, especially in the finance, insurance, and real estate services; the transport, storage, and communications services; the mining industry; the manufacturing industry; and the agriculture sector. These sectors contributed a combined 1.8 percentage points (or 75%) of the growth rate achieved during 2015, reflecting the diversity of the economic growth sources in the Kingdom.

Additionally, the general price level registered a decline in the prices of oil, commodities, and other related services in the global markets. Therefore, the general price level, measured by the relative change in the average consumer price index deflated by 0.9% in 2015, compared to the inflation of 2.9% in 2014.

The budget deficit, after aid, increased by 1.2% to a record 3.5% of GDP, compared with 2.3% in the previous year. In addition, the Balance of Payments' Current Account recorded a deficit of 8.9% of GDP, compared with 7.3% in 2014. At the end of 2015, the net public debt amounted to 22,847.5 million Jordanian Dinars (85.8% of the GDP), with an increase of 5.0% of the GDP. However, the total public debt reached 24,876.5 million Jordanian Dinars (93.4% of GDP). This increase resulted from financing both the general budget deficit and the guarantees for loans for the National Electricity Company and the Water Authority, as well as the slowdown of economic growth during 2015. The indebtedness of the National Electricity Company and the Water Authority recorded 6.7 billion Jordanian Dinars at the end of 2015.

On the monetary and banking front, most monetary indicators experienced positive development in performance in 2015, primarily in the Central Bank's foreign reserves, which maintained comfortable levels that amounted to about \$14.2 billion. The dollarisation rate decreased, which reflected positive demand for Jordanian Dinars in comparison to other major foreign currencies. With regards to the activities of licensed banks, the outstanding balance of credit increased by 9.5%, to reach 21,103.5 million Jordanian Dinars at the end of 2015. The total deposits registered with licensed banks increased by 7.7%, to reach 32,598.5 million Jordanian Dinars at the end of 2015. The increase in deposits came as a result of the high dinar deposits, which increased by 2,001.4 million Jordanian Dinars (8.3%), and higher foreign currency deposits, which increased by 336.1 million Jordanian Dinars (5.4%).

Furthermore, many of the external sector indicators registered a drop in performance in 2015 due to the deepening instability in the region and almost full closure of the borders with Iraq and Syria. However, the drop in oil prices in the global markets contributed to the decline in the Kingdom's imports bill for energy, as it dropped by 40.6%, which in turn contributed to a decline in total

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<sup>1</sup> The Central Bank of Jordan

imports and the trade deficit by 11.4% and 14.0%, respectively. Thus, the Current Account, excluding aid, declined to 11.9% of GDP, compared to 12.4% in 2014.

The Current Account deficit increased after aid, to reach 2,365.6 million Jordanian Dinars (8.9% of GDP) in 2015, compared with a deficit of 1,851.7 million Jordanian Dinars (7.3% of GDP) in 2014. This decline is due mainly to the decline in total exports by 6.6% and the decline in surplus in the services account by 27.7%, as touristic income decreased by 7.1%, and the decline in the surplus in the current transfers account decreased as a result of reduced foreign aid.

Capital and financial accounts resulted in a net inflow of 1,593.7 million Jordanian Dinars in 2015, compared to 909.0 million Jordanian Dinars in 2014; this was due to the Kingdom's higher net obligations towards the outside world. Foreign Direct Investment registered a net inflow of 909.4 million Jordanian Dinars, and the reserved investment registered an inflow of 918.4 million Jordanian Dinars due to the Kingdom issuing Eurobonds that are worth \$2.0 billion in the global markets. The withdrawal of bank loans on behalf of the Central Bank increased the use of funds from the International and Arab Monetary Funds by 543.3 million Jordanian Dinars. This led to the registration of a surplus in the overall Balance of Payments of 328.7 million Jordanian Dinars during 2015, compared to a surplus of 1,550.7 million Jordanian Dinars during 2014.

According to the Central Bank of Jordan, the increased international investment at the end of 2015 showed an increase in the external net liabilities of the Kingdom, which reached 24,357.5 million Jordanian Dinars, compared with 22,578.8 million Jordanian Dinars at the end of 2014. This was due to an increase in the external balance of assets and financial liabilities for all of the economic sectors in the Kingdom, which reached to 18,657.9 million Jordanian Dinars and 43,015.5 million Jordanian Dinars, respectively, during 2015.

**Table 4: main economic indicators 2011 to 2015 in millions of dinars**

	2011	2012	2013	2014	2015
<b>Population (millions)</b>	6.993	7.427	8.114	8.804	9.532
<b>Unemployment rate</b>	12.9	12.2	12.6	11.9	13.0
<b>Production and Prices</b>					
GNP at current market prices	20,288.8	21,690.0	23,611.2	25,141.2	26,289.6
GDP at current market prices	20,476.6	21,965.5	23,851.6	25,437.1	26,637.4
The rate of growth in GDP at constant market prices (%)	2.6	2.7	2.8	3.1	2.4
The total national disposable income at current prices	23,743.5	24,774.9	28,424.5	30,302.1	30,234.7
The rate of growth in gross national disposable income at current prices (%)	4.7	-0.2	8.6	3.1	-2.4
Change in the index of consumer prices (%)	4.2	4.5	4.8	2.9	-0.9
The change in the GDP deflator (%)	6.4	4.5	5.6	3.4	2.3
<b>Money and Banking</b>					
Exchange rate of the Jordanian dinar to the US dollar	1.410	1.410	1.410	1.410	1.410
Money supply (P2)	24,118.9	24,945.2	27,363.4	29,240.4	31,605.5
Net foreign assets of the banking system	9,370.1	6,665.5	6,923.4	7,932.3	8,137.3
Net domestic assets of the banking system	14,748.8	18,279.7	20,440.0	21,308.1	23,468.2

	2011	2012	2013	2014	2015
Net debt of the government	6,701.4	9,461.3	10,494.8	10,473.9	11,386.4
Private sector debts (Residents)	14,925.0	15,953.6	17,222.5	17,852.8	18,704.5
Other factors <sup>(1)</sup>	-6,877.6	-7,135.2	-7,277.3	-7,018.5	-6,622.7
Deposits in dinars at licensed banks	19,119.1	17,711.1	21,003.0	24,013.1	26,014.5
Foreign currency deposits at licensed banks	5,258.8	7,258.6	6,590.2	6,247.9	6,584.0
Rediscount rate (%)	4.50	5.00	4.50	4.25	3.75
Treasury bills interest rate for 6 months (%)	3.232	3.788	-	-	-
<b>Public Finance</b>					
Total revenue and foreign aid	5,413.9	5,054.2	5,758.9	7,267.6	6,796.4
Ratio to GDP (%)	26.4	23.0	24.1	28.6	25.5
Total spending	6,796	6,878.2	7,077.1	7,851.1	7,722.9
Ratio to GDP (%)	33.2	31.3	29.7	30.9	29.0
Overall deficit/savings (on an accrual basis)	-1,382.7	-1,824.0	-1,318.2	-583.5	-926.5
Ratio to GDP (%)	-6.8	-8.3	-5.5	-2.3	-3.5
Net outstanding balance of the domestic public debt	8,915.0	11,648.0	11,863.0	12,525.0	13,457.0
Ratio to GDP (%)	43.5	53.0	49.7	49.2	50.5
Outstanding external public debt <sup>(2)</sup>	4,486.8	4,932.4	7,234.5	8,030.1	9,390.5
Ratio to GDP (%)	21.9	22.5	30.3	31.6	35.3
<b>Foreign Trade and Balance of Payments</b>					
Current account	-2,098.8	-3,344.9	-2,487.7	-1,851.7	-2,365.6
Ratio to GDP (%)	-10.2	-15.2	-10.4	-7.3	-8.9
Trade balance (Deficit)	-6,261.7	-7,486.6	-8,270.1	-8,495.6	-7,249.3
Ratio to GDP (%)	-30.6	-34.1	-34.7	-33.4	-27.2
Commodity exports	5,684.5	5,599.5	5,617.9	5,953.6	5,558.3
Imports of goods (FOB) <sup>(3)</sup>	11,946.2	13,086.1	13,888.0	14,449.2	12,807.6
Balance of services (net)	896.0	1,332.3	1,209.5	1,778.9	1,286.4
Income account (net)	-187.8	-275.5	-240.4	-295.9	-347.8
Current transfers (net)	3,454.7	3,084.9	4,813.3	5,160.9	3,945.1
Capital and financial account (net)	2,298.9	3,808.9	1,811.1	908.9	1,593.7
Direct foreign investment in Jordan (net)	1,055.0	1,074.3	1,281.2	1,426.7	905.1

Source: Monthly Statistical Bulletin, Central Bank of Jordan

1. Includes the debts of public and financial institutions and other factors, as shown in the Monetary Survey Agenda.
2. This represents the total balance of drawn loans, minus total repayments.
3. Does not include imports of non-resident entities.

## 2.4 The Jordanian Investment Environment

### **Investment Law No. 30 for 2014**

Investment Law no. 30 for 2014 is considered an appropriate legislative framework to attract foreign investments and stimulate local investments. It is considered a competitor to other investment laws in the region because it contains many advantages, incentives, and guarantees, and it offers a range of incentives and benefits in and outside the Development and Free Zones. The law includes a series of public provisions, such as foreign investment guarantees (depositing and withdrawal of capital, investment management, and transfers) and the inadmissibility of the disbarment of investment property. The law offers provisions to settle investment disputes, protection, and encouragement of mutual investment agreements between the Kingdom and other countries.

The following shows the major incentives granted by the law:

#### **❖ Incentives and Benefits outside the Development and Free Zones**

- The production inputs for the industrial and crafts sectors are exempted from customs duties.
- The return of the general sales tax on the production inputs for the industrial and crafts sectors within 30 days.
- Production inputs and fixed assets of the industrial and crafts sectors are exempted from customs duties and are granted a reduction in general sales tax to 0%.
- Returning to the sales tax on the services needed to practice economic activity within 30 days.
- The goods that are necessary for the economic activities of the following sectors are exempted from customs duties and are subject to 0% general sales tax:
  - Agriculture and livestock, hospitals and specialised medical centres, hotels and touristic facilities, touristic entertainment and recreation centres, call centres, scientific research centres and laboratories, art and media production, convention centres and exhibitions, transfers and/or distributions and/or extraction of water, gas and oil derivatives, air transport, maritime transport, and railways.

#### **❖ Incentives and Benefits inside the Development and Free Zones**

- 5% income tax on the income generated from economic activity within the Development Zone.
- 5% income tax on income generated from economic activity in the industrial sector.
- Tax exemptions that are granted in the Kingdom on goods and services exports.
- Reduction of sales tax to 0% on goods and services that are used by the establishment in order to exercise its activity inside the Development Zone.
- 7% sales tax on specific services provided by a registered company in the zone when these services are consumed in the zone.
- Exemptions from customs duties except for a specified number of goods.

#### **❖ The Reduction of Income Tax in the Least Developed Areas for Regulation No. 44 for 2016**

- The reduction of income tax in the least developed areas for Regulation No. 44 for 2016 was approved. It aims to create an attractive environment for investments that promote economic development through the reduction of income tax outside the Development Zones and in the least developed areas in the Kingdom. The regulation specified the areas that are considered least developed and identified the activities that are excluded from this reduction.
- Under the provisions of Articles 4 and 5 of this regulation, the areas that were categorised as least developed and enjoy the reduction in income tax are divided into four categories; each category enjoys a reduction in income tax on their activities for a period of 20 years.
- Category A includes the Northern Valley District, Deir Alla District, Shouneh Al-Janoubieh District, the Southern Valley District, Rweished District, the Northern Desert District, the North Western Desert District, Al-Azraq Province, Al-Jiza District except for the borders of the new Al-Jiza municipality, Al-Moakar District except for the borders of Al-Moakar municipality, and the Governorate of Aqaba except for the Aqaba Special Economic Zone. The reduction rate for this category is 100%.
- Category B includes the Governorates of Maan, Tafileh, Karak, and Ajloun. The reduction rate for this category is 80%.
- Category C includes the Governorates of Jarash, Mafraq, and Irbid except the borders of the Greater Irbid Municipality. The reduction rate for this category is 60%.
- Category D includes the Governorates of Madaba, Balqa, Amman except for the Greater Amman Municipality, and Zarqa except for the borders of Zarqa Municipality and Russaifeh Municipality. The reduction rate for this category is 40%.

#### ❖ **Trade and Free Trade Agreements**

The most important agreements are:

- Jordan joining the World Trade Organisation in 2000, which led to the opening of the markets of 150 countries for Jordanian exports in goods and services, and provided new opportunities of access to other countries within a clear and transparent environment of laws, regulations, and procedures.
- A series of regional trade agreements, such as the Jordan Partnership Agreement with the European Union, Agadir Agreement, Free Trade Arab Agreement, the free trade agreement between Jordan and the European Free Trade Association, and the adoption of the Euro-Mediterranean simplification of the rules of the Origin System, which includes the decision to simplify the rules of the origins of Jordanian products between Jordan and the European Union came into effect on July 19, 2016, and will remain in effect until December 31, 2026.
- A series of bilateral trade agreements with many countries, such as the free trade agreement between Jordan and the United States of America, the Qualified Industrial Zones Agreement, the free trade agreement between Jordan and Singapore, the free trade agreement with Turkey, the free trade agreement with Canada, and many other agreements.
- Jordan has signed more than 35 agreements with Arab and foreign countries in order to prevent double taxation between Jordan and these countries, thus protecting investors' rights.
- The Agreement of Promotion and Protection of Investments and the Movement of Capital between the Arab Countries was signed in 2000 with 11 Arab countries who are members of the Arab Economic Unity Council, in order to establish an appropriate environment for investments and economic cooperation between investors in the Arab countries, thus pushing

and stimulating investment activities by providing encouragement and mutual protection for Arab investments.

#### **Human Development Report for 2015**

The Human Development Report that was issued by the United Nations Development Program in 2015 showed that Jordan fell 3 points to number 80. Please note that Jordan's place on the Human Development Report index value has improved slightly.

#### **Global Competitiveness Report**

The Kingdom's rank has improved by one point in the Global Competitiveness Report for the year 2016/2017, at 63 out of 138 countries compared to 64 out of 140 countries in the 2015/2016 report. It is considered an insignificant improvement, especially because of the reduction in the number of countries participating in this year's report. Amongst the Arab countries, Jordan was ranked after the United Arab Emirates, Qatar, the Kingdom of Saudi Arabia, Kuwait, and Bahrain, who were ranked 16, 18, 29, 34, and 39, respectively.

#### **Doing Business Report**

In the Doing Business Report that was issued by the World Bank Group, Jordan is still ranked 118, up one rank from the 2016 report, because of the variation in the performance of the different sub-indicators. Jordan ranked ninth among the Arab countries; the United Arab Emirates was ranked first among the Arab countries at 26, followed by Bahrain at 63 and Oman at 66.

## **2.5 The Economic Environment in the short and medium term**

Risks analysis implemented by BMI indicates that the Jordan's political and economic risks in the short and medium term are less than the overall average of the world and the Middle East. The state's risks and the operational risk are estimated to be within the acceptable levels. The international institutions' forecasts point out that the economic and foreign trade indicators are expected to achieve acceptable rates of growth with the exception of the continued increase in internal and external indebtedness.

**Table 5: Assessment of short and long-term risks**

	Long term		Short term		Operational risks	State risks
	political	Economic	political	economic		
Jordan	63.1	39.2	66.6	46.2	58.7	55.4
Turkey	60.2	49.4	58.4	56.9	55.9	56.1
Egypt	53.3	45	52.4	48.7	42.9	47.5
Lebanon	45.8	54	55.4	53.5	44.2	49.5
West Bank and Gaza	33.1	38.1	32.2	36.5	32.5	34.3
Syria	22.9	24.4	22.4	23.6	29.3	26.1
<b>Regional average</b>	<b>49.4</b>	<b>46.9</b>	<b>51.2</b>	<b>48.7</b>	<b>46.6</b>	<b>48.3</b>
<b>global average</b>	<b>64.1</b>	<b>50.7</b>	<b>61.3</b>	<b>51.9</b>	<b>49.8</b>	<b>54.6</b>

Source: the economy and state risks, IHS, 15/09/2016

**Table 6: The most important key economic indicators 2016-2020**

Indicator	2016	2017	2018	2019	2020
The growth rate of GDP	2.6	2.7	2.8	3.2	3.1
GDP (in USD billions)	39.6	42.1	44.8	47.8	50.9
Population (In millions)	9.8	10.1	10.4	10.7	11.0
Consumer Price Index (% change)	-0.7	1.8	3.3	4	3.2
Exports (in USD billions)	7.3	7.6	8.2	8.8	9.6
Imports (in USD billions)	18.3	19.2	20.1	21.3	22.8
Foreign direct investment, the net value (in USD billions)	1.5	1.5	1.6	1.6	1.7
Foreign direct investment, the net value (% of GDP)	3.7	3.7	3.6	3.4	3.3
Foreign exchange reserves (in USD billions)	13.9	14.9	15.7	16.8	17.7
Total external debt (in USD billions)	24.4	27.8	30.7	33.7	36
Total external debt (% of GDP)	61.6	66	68.6	70.4	70.6
Total external debt (% of foreign currency earnings)	127.3	138.3	143.6	147.5	147.8

Source: the economy and state risks, IHS, 15/09/2016

### **3. Market Study**

#### **3.1 Project Description**

The project is based on the establishment of a service company that provides integrated maintenance services characterized by comprehensiveness within defined service standards. The project targets the Household Sector and the Corporate and Offices Sector, such as commercial complexes and industrial, commercial and service companies ... etc.

#### **3.2 Expected Services Description**

The expected project services include the following:

- General Maintenance Services.
- Electrical Maintenance Services.
- Plumbing Maintenance Services.
- Heating, Air Conditioning & Cooling Maintenance Services.
- Elevator Maintenance Services.
- Wells and Water Tanks Maintenance Services.
- Decoration Maintenance Services.
- Provision of spare parts required for maintenance work.
- Etc.

#### **3.3 Expected Demand Analysis**

The demand for project services is affected by the following factors:

- The growth rate in the number of residential units / commercial and industrial buildings and complexes.
- The age of housing units (as the old housing units need more maintenance).
- The average annual household income.
- Seasonality, as the demand for some maintenance services increases in summer / winter months.
- Consumer awareness and their increased interest in safety matters.

On the basis of the general census of population and housing carried out by the Department of Statistics in 2015, the total number of buildings was 888,028 distributed according to type of occupancy, as the traditional buildings constitute the largest proportion of about 89.5%. The following table shows the distribution of the building according to type of occupancy and type of the building.



**Table 7: The distribution of buildings according to type of occupancy and type of the building**

Type of the building	Total	Type of occupancy														
		Residential only	Business only	Residential and Business	Worship	Worship and Residential	Worship and Business	Recreation/Culture	Recreation/Culture and Residential	Recreation/Culture and Business	Recreation/Culture and worship	Multi - Purpose	Vacant	Closed	Under Construction	not specified
Traditional (total)	794949	684718	18228	62980	148	361	215	121	279	135	23	265	16698	444	10334	0
Institution / facility	45927	0	36935	0	5220	0	84	1948	0	262	15	3	1093	49	318	0
Hotel / public housing	624	0	0	624	0	0	0	0	0	0	0	0	0	0	0	0
Under Construction	13925	0	0	0	0	0	0	0	0	0	0	0	0	0	13925	0
Other	181	181	0	0	0	0	0	0	0	0	0	0	0	0	0	0
not specified	239	0	0	0	0	0	0	0	0	0	0	0	0	0	0	239
<b>Total</b>	<b>888028</b>	<b>711698</b>	<b>56891</b>	<b>63780</b>	<b>5368</b>	<b>361</b>	<b>299</b>	<b>2069</b>	<b>279</b>	<b>397</b>	<b>38</b>	<b>268</b>	<b>21255</b>	<b>505</b>	<b>24581</b>	<b>239</b>

Source: Department of Statistics, General Census of Population and Housing 2015

The study team conducted a field survey to estimate the demand for maintenance services and their costs, through interviewing a sample of Jordanian families distributed in the governorate of the Capital, Irbid, Jerash, Balqa, Madaba, and Zarqa. The total respondents families amounted to 972 families 65% of the respondents pointed out that they are dealing either with maintenance companies specialized in a particular type of maintenance, or with individuals for the purposes of home maintenance. From among those families who are carrying out maintenance of their homes or offices, the work team found that 26% are dealing with companies specialized in maintenance. Given the services they receive, the services include the following:

- General Maintenance Services (34%)
- Electrical Maintenance Services (22%)
- Plumbing Maintenance Services (15%)
- Heating Maintenance Services (9%)
- Elevator Maintenance Services (6%)

While the maintenance costs have been estimated by the respondents as follows:

Indicator	Statement
Average costs of maintenance services throughout the year	JD 200
The number of times maintenance is performed throughout the year	Twice
The percentage of households that deal with maintenance companies	%25
The percentage of households that deal with maintenance technicians	%75

With respect to the possibility of establishing an integrated maintenance company, people who have been interviewed were asked, as they have a high probability to deal with specialized and integrated maintenance company.

Probability	(%)Statement
very high	36%
High	36%
Low	16%
I do not like dealing with the company	12%

Regarding the main criteria that may influence the decision of the users of maintenance service with companies or individuals:

- Service cost.
- Technical reputation of service providers.
- Commitment of the service provider to provide service on time, as agreed upon for providing the service.
- Precision and skill in the completion of the work required for maintenance.
- Services provided, and following-up after completion of the maintenance work.

There are also several impediments faced by consumers when dealing with maintenance services providers, most important of which can be summarized as follows:

- High fees received by the service providers to carry out maintenance work.
- Lack of commitment of the service providers with the deadlines, driving consumers to follow them up continuously.
- The quality of some maintenance services are below the required level, and the lack of precision in providing and mastering the services.
- Indecent dealing by some of the service providers, and slowness in providing the required service.

### **3.4 Expected Supply Analysis**

The results of the analysis of Supply aspects regarding maintenance services in the local market has shown that the vast majority of service providers are individual technicians people, working to provide various maintenance work, that may be needed by consumers both in the Household Sector and / or the Corporate Sector. The number of houses service provider were hard to estimate their numbers, because of the absence of official statistics in this regard. It was also noted that the tendency of some economic institutions and establishments in the private sector to depend mainly on their internal staff and a their own maintenance team to carry out the maintenance work and projects, such as hotels, hospitals and some commercial complexes, while they may resort to deal with technical specialists from outside in some very specialized maintenance cases, which their maintenance crew could not carry out.

On the other hand, it was also noted the presence of (3) companies that are directly competing with the project in the local market, which are providing a variety of maintenance services in an integrated and systematic manner,. They include Profix Company, Handy Man Company and HERMA FIX Company, these companies provide their services to homes, residential and commercial sectors through their specialized teams.

The maintenance services provided by the service providers in the local market can be summarized as follows:

- General Maintenance Services.
- Boiler and Heating Maintenance Services.
- Air Conditioners and Cooling Systems Maintenance Services.
- Elevators Maintenance Services.
- Swimming Pools Maintenance Services.
- Plumbing, Sewage, Pumps and Sanitary Fittings Maintenance Services.
- Electrical Equipment, Installations and Networks Maintenance Services.
- Decoration Maintenance Services.

### **Overview of Competitors**

The following is a brief overview of the main competitors of the project.

---

<b>Name</b>	<b>Profix Company</b>
<b>Location</b>	Jordan, Amman
<b>General Description</b>	<p>A private limited liability company, which was established in the Capital Governorate four years ago, to provide maintenance services for a varied combination of residential facilities and establishments operating in several economic sectors such as hotels, telecommunications companies, insurance companies, courier companies, Freight Forwarding companies, major restaurants, sports clubs, pharmaceutical companies and professional associations. The Main office is located in Khalda area in the Capital, Amman, and it also has four stations located at the following locations:</p> <ul style="list-style-type: none"> <li>▪ Al Radwan Station, which is located at Al Radwan Schools.</li> <li>▪ Al Hassad Station, which is located at Al Hassad Schools.</li> <li>▪ Riyadh Al-Mohandessin station in Amman.</li> <li>▪ A station in Aqaba.</li> </ul>
<b>Main Services</b>	<p>The combination of company's services consists of the following:</p> <ul style="list-style-type: none"> <li>▪ General Maintenance: includes (windows and windows screens maintenance, drapes maintenance, doors maintenance, flooring maintenance, maintenance of cabinets, drawers, chairs, tables, paint and decorations works and the installation of devices and their extensions).</li> <li>▪ Electrical: Includes (electrical installations, maintenance and installation of electrical points, checking and maintenance of the electrical boards, TV satellite, installation of lighting units and maintenance of electrical drapes).</li> <li>▪ Health: Includes (maintenance of Sanitary Fittings, water tanks, water heaters, plumbing, sewage, pumps).</li> <li>▪ Heating: Includes (Boilers maintenance, radiators maintenance, pump maintenance).</li> <li>▪ Air Conditioning and Cooling: Includes (Checking conditioning systems, installation of air conditioner, air conditioner maintenance)</li> <li>▪ Renovations and Decorations: Includes (Renewal of homes and offices with the most recent decorations and paints, simple decorations and paints services, interior design and finishing).</li> </ul> <p>The company also offers annual services contract system, which is valued at approximately (1100-1400 JD / year), as it includes the following:</p> <ul style="list-style-type: none"> <li>▪ Preventative / Periodical Maintenance: A technical team will be sent to conduct a comprehensive maintenance every four months throughout the year.</li> <li>▪ Corrective Maintenance: the company will agree in advance with the client to determine the number of visits. In this type of maintenance, the company will wait a call from a client when there is a malfunction to be corrected, and the response will be within 48 hours, with an average of 20 corrective visits.</li> <li>▪ Emergency Maintenance: where it is agreed in advance with the client to</li> </ul>

determine the number of visits. In this type of maintenance, the company will wait a call from a client when there is an emergency malfunction to be corrected, and the response will be within 4 hours when there is (electrical short circuit, water line break or sewer overflow), as the cost of one emergency visit is 45 JD.

<b>Name</b>	<b>HERMA FIX Company</b>
<b>Location</b>	Jordan, Sweifieh
<b>General Description</b>	The company was established in 2012 to serve the engineering sector. The company provides maintenance services for homes, residential and commercial installations through the acquisition and management of a specialized technical team, and through working on maintenance and preservation of facilities. The number of customers was about (300) in 2016.
<b>Main Services</b>	<ul style="list-style-type: none"> <li>▪ Buildings Management and Maintenance.</li> <li>▪ Design and installation of air conditioning systems.</li> <li>▪ Project Management.</li> <li>▪ Renovation of buildings and constructions.</li> <li>▪ Water Treatment.</li> <li>▪ Site supervision and management.</li> <li>▪ TURNKEY SERVICES</li> </ul> <p>The services are provided in accordance with the Annual Contracts System for both the Corporate Sector and / or the Household Sector, as shown below:</p> <p><b>Homes Contracts</b></p> <ul style="list-style-type: none"> <li>▪ Conducting (3) field visits by two hours per visit, in which the team will carry out health, electrical and conditioning maintenance. The financial cost is estimated at 100 JD, in addition to the cost of the spare parts, if the need arise.</li> <li>▪ Conducting (8) field visits by two hours per visit, in which the team will carry out health, electrical and conditioning maintenance. The financial cost is estimated at 200 JD, in addition to the cost of spare parts, if the need arise.</li> </ul> <p><b>Corporate Contracts</b></p> <ul style="list-style-type: none"> <li>▪ The cost of providing maintenance services depends upon the number of visits and the service identified in the contract, and depends upon the infrastructure and the area of the facility, as the average cost ranging from (250 to 1.000) JD.</li> </ul>

<b>Name</b>	<b>Handy Man Company</b>
<b>Location</b>	Jordan, Amman

**General Description**

A private limited liability company which was established in the Capital Governorate in 2015. The company has a work crew to provide maintenance services for public and private household, plumbing maintenance services, electrical appliance maintenance services, carpentry and blacksmithing works and decoration works), In 2016, the number of its customers estimated at about 120 customers, mostly (80%) from the household sector, and with a total dependence on the corrective maintenance services, at the request of customers and without the submission of the annual contract services.

However, after completing the analysis of supply and demand trends for the project services, the following is notices:

- At present, the absence of standards for providing the service, to be followed by the maintenance service providers.
- The local community culture tends to prefer dealing with reliable party, which will guarantee them the quality of provided maintenance services.
- Lack of maintenance services by companies working on providing integrated maintenance services, within a specific criteria, and large dependence on individual technicians to meet the needs.
- The absence of concerned authority that assesses maintenance technicians and the services they provide.

Maintenance services market lacks companies that operate on providing integrated maintenance services within specific standards, and it depends to a great extent on individual technicians to meet the demand.

### 3.5 Marketing Strategy

#### Target Market

The project targets the following sectors:

- Household Sector.
- Corporate and Offices Sector.

#### Expected services and products

The combination of maintenance services provided by the project consists of the following:

- General Maintenance Services: (windows and windows screens maintenance, drapes maintenance, doors and flooring maintenance, maintenance of cabinets, drawers, chairs, tables, paint and decorations works).
- Electrical Maintenance Services: (electrical installations, maintenance of the electrical boards, maintenance of electrical points, installation and maintenance of lighting units).
- Plumbing Maintenance Services: (water installation maintenance, sanitation, sanitary fittings maintenance, water tanks, water heaters and water pumps).
- Heating, Cooling and Air Conditioning Maintenance Services: (radiators, boilers and pumps maintenance, air conditioning systems and devices).
- Elevator Maintenance Services.
- Wells and Water Tanks Maintenance Services.
- Decoration Maintenance Services (paint services, home and offices renovation according to the most recent decoration and paints).
- Providing spare parts required for the implementation of maintenance work, upon request.

It aims to provide comprehensive maintenance services that fulfill all the consumers' needs and their financial capacity, in particular the Household Sector. It is recommended that the project provide services according to the concept of "Service Packages", which includes the provision of regular maintenance solutions among several services packages, such as the Bronze Package, the Silver Package, the Golden Package and the Diamond Package. The Packages include the implementation of the agreed fixed number of visits carried out by the company, to fulfill the consumers' needs of the main required maintenance services. The following table shows a proposal for "Service Packages" that can be offered by the project.

#### Proposed Packages

Maintenance Services	number of visits			
	Bronze Package	Silver Package	Golden Package	Diamond Package
Electrical Maintenance	1	2	3	4
sanitary Fittings Maintenance	1	2	3	4
Cooling and Air Conditioning Maintenance	1	1	1	1
Heating Systems Maintenance	1	1	1	1

### Expected prices

Taking into consideration the high competition in the local market for maintenance services, and the presence of many individual service providers (technicians), as well as the sensitivity of consumers to the price factor, and the costs of maintenance services especially in the Household Sector. It is recommended to follow the pricing policy by adopting the cost with the addition of profit margin (cost-plus) when pricing the project services, while keeping abreast of the given price levels by competitors.

It is also worth noting that there is a need for a policy that grants discounts when performing maintenance work for large projects, to ensure the competitiveness of the project services, and to receive the planned market share.

The following table shows the prices of the proposed packages / services to provide for the Corporate Sector and small and medium-sized offices.

**Table 8: The Packages Prices**

Package	Price (JD)
Bronze	75
Silver	100
Golden	125
Diamond	150

### Promotion

The main promotion strategy objectives for the project can be identified as follows:

- Disseminate the culture of corporate maintenance in the local market, and motivate consumers to change their purchasing patterns by shifting towards integrated maintenance companies.
- Expanding the demand size for the project services.
- Building and maintaining good relations with Household Sector, companies and offices.

The following table shows the content of the promotional message for the intended audience, as well as the proposed promotional means in the delivery of marketing messages to them.

**Table 9: The promotional message for the intended audience and the proposed promotional means**

The Beneficiary	Promotional Message	Promotional Means
household sector and residential units	<ul style="list-style-type: none"> <li>▪ Competitive prices and quality of the services provided.</li> <li>▪ The experience of the human cadre, and its efficiency in the implementation of maintenance services.</li> <li>▪ Punctuality and maintaining</li> </ul>	<ul style="list-style-type: none"> <li>▪ Social media sites.</li> <li>▪ Advertisement in weekly newspapers.</li> <li>▪ Promotional brochures.</li> </ul>



The Beneficiary	Promotional Message	Promotional Means
	<p>cleanliness and order of houses during and after the implementation of maintenance work.</p> <ul style="list-style-type: none"> <li>▪ Benefit from the service packages provided by the project.</li> </ul>	
<p>The corporate sector and offices (industrial and (service</p>	<ul style="list-style-type: none"> <li>▪ Dealing with a reliable party within an annual maintenance contracts.</li> <li>▪ Discounts on maintenance services prices.</li> <li>▪ Providing post-maintenance services.</li> <li>▪ Savings in periodic and emergency maintenance expenses.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Personal visits and direct contacts with decision-makers.</li> <li>▪ Brochures and Catalogs.</li> <li>▪ Technical and financial service offers</li> <li>▪ Advertisements in the daily newspapers.</li> </ul>

### 3.6 The Expected Market Share

The following points illustrate the main assumptions to calculate the market share of the project according to the targeted sectors, as follows:

- The number of targeted houses is (1500) in the first year of operation, and about (2400) houses in the second year, (3840) houses in the third year, (6144) houses in the fourth year and (9830) houses in the fifth year.
- The number of targeted companies and offices is (150) company / office in the first year of operation, and (240) company / office in the second year, and (384) company / office in the third year, and (614) company / office in the fourth year and (983) company / office in the fifth year.
- The number of contracts likely to be signed with Household, Corporate and Offices Sector is (1650) houses in the first year of operation, (2640) in the second year, (4224) in the third year, (6758) in the fourth year and (10,813) in the fifth year.
- The number of corrective maintenance times for Household, Corporate and small and medium-sized Offices Sector is twice a year.
- The average fees for a single corrective maintenance service for Household, Corporate and Offices Sector is (100) JD annually, with an annual growth rate of (3%).
- The average annual maintenance contracts fees for Household, Corporate and Offices Sector is (100) JD annually, with an annual growth rate of (5%).
- The number of contracts likely to be signed with Commercial Complexes Sector for the execution of the elevators maintenance is (20) home / complex in the first operational year, with an annually growth rate of 50% .
- The average annual maintenance contracts fees for elevators in Commercial Complexes is (1000) JD annually, with an annual growth rate of (3%).
- The company's profit margin of providing spare parts for the annual contracts is (10%) of the corrective maintenance value for Household, Corporate and small and medium-sized Offices Sector.
- The number of employees in the project will increase with the expected volume of work, as the project will start with eight employees up to 30 employees in the fifth year of the project.
- Business days are 350 days.

**Table 10: Market Share of the Project**

Statement	First year	Second year	Third year	Fourth year	Fifth year
Number of Targeted Houses	1,500	2,400	3,840	6,144	9,830
Number of Companies / Offices	150	240	384	614	983
Number of Contracts	1,650	2,640	4,224	6,758	10,813
Number of Commercial Complexes	20	30	45	68	101
Basic Fees (JD)	100	105	110	116	122
Elevators Maintenance Fees (JD)	1,000	1,030	1,061	1,093	1,126
Number of Maintenance Times a Year	3,300	5,280	8,448	13,517	21,627
The Cost of Maintenance for a Single	100	103	106	109	113

Statement	First year	Second year	Third year	Fourth year	Fifth year
Time (JD)					
Total Maintenance Cost (JD)	330,000	543,840	896,248	1,477,017	2,434,124
Annual Fees (JD)	165,000	277,200	465,696	782,369	1,314,380
The Company's Fees from Spare Parts (JD)	33,000	54,384	89,625	147,702	243,412
Annual Revenues (thousand JD)	218	362	603	1,004	1,672

## 4. Technical Study

### 4.1 The Designed Project Capacity

The designed capacity of the project has been estimated on the basis of the number of households, companies, small and medium-sized offices and commercial complexes that will be provided with various maintenance services, as shown in the following table:

**Table 11: The Designed Capacity of the Project**

Item	Number
Number of Houses	13,500
Number of Companies and Small and Medium-sized Offices	1,350
Commercial Complexes	1,126

With a view to reach the proposed designed capacity of the project, it requires the purchase of (5) sites / stations to provide services and store equipment and spare parts with an area of (90 m<sup>2</sup>) for each site / station, as well as the site of the main office, as explained in the following table.

**Table 12: Required Space for the Project**

Item	Unit
Total Area (service provision stations and administration offices)	750 m <sup>2</sup>
Administration Offices	300 m <sup>2</sup>
Service Provision Stations	450 m <sup>2</sup>

### 4.2 The Required Fixed Assets

The following table shows the required fixed assets for the project.

**Table 13: Required fixed assets**

Item	Unit	Price (JD)	Value (JD)
Buildings	750 m <sup>2</sup>	1,000	750,000
Furniture and Supplies	1	70,000	70,000
Equipments and Tools	1	70,000	70,000
Transportation vehicles	5	20,000	0,00001
Information and Communication Technology	1	30,000	30,000
<b>TOTAL</b>			<b>1,020,000</b>

\* Figures were estimated based on the market study

### 4.3 The Required Human Resources

The following table shows the required human resources of the project for the first year, as the number of employees is about 8 employees with total salaries amounted to (63,600) JD annually.

**Table 14: Human Resources Required for the Project**

Item	Number of Employees	Monthly Salary (JD)	Total Annual salary (JD)	Operational Salary Annually (JD)	Administrative Salary Annually (JD)
General Director	1	1,500	18,000	-	18,000
Operating manger	1	1,000	12,000	-	12,000
Maintenance technician	4	500	24,000	24,000	-
Accountant	1	500	6,000	-	6,000
administrative employee	1	300	3,600	-	3,600
<b>Total</b>	<b>8</b>		<b>63,600</b>	<b>24,000</b>	<b>39,600</b>

Since this company mainly depends on technicians; the number of technicians required for the project increases with the expected workload. The following table shows the number of technicians required for the project during the first five years.

**Table 15: The Number of Technicians Required for the Project**

Item	Year 1	Year 2	Year 3	Year 4	Year 5
Number of Technicians	4	9	15	20	30
Salary (JD/Monthly)	500	525	551	579	608
<b>Total</b>	<b>24,000</b>	<b>56,700</b>	<b>99,225</b>	<b>138,915</b>	<b>218,791</b>

The following table shows the general job description of the jobs required in the project.

**Table 16: General Job description of the jobs required in the project**

Job	Job Description
General Director	Planning, organizing, coordinating and controlling everything related to the internal management of the company, and participating in determining the company's policy, and managing everything related to the work. In addition, reviewing the reports received by the administration section, and supervising their analysis process, and studying the issues that arise and develop solutions to them. Technical and administrative supervision of the staff, and improving their efficiency, and taking into account the application of occupational health and safety instructions. In addition, developing marketing ideas and services, and working on presenting, activating and implementing them for customers, in order to develop the marketing of company services. In addition, performing all matters concerning the nature of his/her work and proposing the promotive actions that improve work performance.
Operating Manager	Developing plans, strategies and general objectives of the activities of operation and maintenance, and supervising their implementation within the available resources and means with the highest degree of efficiency and quality. Supervising the course of maintenance operations, and following-up all technicians' works, and ensuring the safety and security of these acts, and discovering the problems and working to resolve them, to ensure that the workflow runs as required, as well marketing and promoting the company.
Accountant	Proofing accounting operations records and preparing monthly account statements send to customers and suppliers. In addition, auditing and conformance between the bank accounts balances in the records and the statements of these bank accounts.
Administrative	Assisting in all aspects of administrative management, and coordinating between operating departments and units in resolving the administrative and operational issues daily. Scheduling and coordinating meetings, interviews, events and other similar activities, in addition to sending and receiving mail and packages, preparing correspondence, and saving and updating employees' affairs files.
Technician	Carrying out all periodic maintenance and emergency works for clients, and following-up customers by helping them, answering their questions and responding to their complaints, and helping to solve them, and shall have the ability to make the right decision.

#### 4.4 The Required Licenses

The following table shows the necessary licenses from various authorities to implement the project.

**Table 17: The licenses required for the project**

Statement	Entity
company registration	<ul style="list-style-type: none"> <li>▪ Ministry of Industry and Trade</li> </ul>
operation	<ul style="list-style-type: none"> <li>▪ Social Security, Income and Sales Tax, Mechanical Professionals Syndicate, Electrical Professionals Syndicate.</li> </ul>

#### 4.5 Project Timetable

The following figure shows the timeline to implement the project, which amounts to 10 months, as follows:

Stage	The First Year (months)									
	1	2	3	4	5	6	7	8	9	10
Studies	█	█								
Approvals and Registration of the Company			█	█						
Construction and Equipment					█	█	█			
Furnishing								█		
Employment and Commissioning									█	█
Total Duration	10 Months									

## 5. Financial Study

### 5.1 Financial Assumptions

The following table illustrates the financial assumptions of the project.

**Table 18: The Financial Assumptions of the Project**

Item	Assumption
Inflation Rate	3%
Financing Structure	Equity constitutes 75% of the investment and loans constitute 25%
Pre-Operating Expenses	2% of total investment
Interest Rate	9%
Working Capital	6 months of annual cost
Tax Rate	20%
Staff Benefits	25% of salaries
Annual Salaries Increase	5%
Staff Incentives	20% of revenues
Assets Depreciation Rate	4%-20% of the asset value
Growth Rate Of Expenses	5%
Annual Water, Electricity, and Services Increase	5%
Accounts Receivable	10% of revenues
Accrued expenses	15% of operation costs



## 5.2 Investment Cost

The project's Investment cost is estimated at JD 1.167 million distributed among fixed assets of JD 1 million, working capital and pre-operating expenses of JD 147 thousand. The following table shows the project's Investment cost.

**Table 19: the project's investment cost**

Item	Value (in thousand JD)
Fixed assets	1,020
Pre-operating expenses	23
Working capital	124
<b>Total</b>	<b>1,167</b>

## 5.3 Financing

The project will be financed with the shareholders by 75% which is estimated at about JD 876 thousand, while the other 25% of the project investment cost will be financed through bank loans of about JD 292 thousand.

The following table shows the financing structure for financing the project, where:

- The interest rate is 9%.
- The loan will be paid during 3 years.

**Table 20: Project financing schedule**

Item	Value (in thousand JD)	%
Equity	875.5	75%
Loan	291.8	25%
<b>Total</b>	<b>1,167</b>	<b>100%</b>

## 5.4 Revenues

The following table shows the total revenues of the project, where it is noted that the revenues in the first year amounts to about JD 218 thousand, and increased to reach up to JD 1.6 million in the fifth year, Due to the growth and increase in the number of houses, offices and complexes.

**Table 21: The Expected Revenues**

Statement	Year 1	Year 2	Year 3	Year 4	Year 5
Expected Number Of Houses	1,500	2,400	3,840	6,144	9,830
Number of Offices	150	240	384	614	983
Number of contracts	1,650	2,640	4,224	6,758	10,813
Number of commercial complexes	20	30	45	68	101
Basic fees for homes and offices	100	105	110	116	122
Fees Complexes/ elevators	1,000	1,030	1,061	1,093	1,126
Number of maintenance times	3,300	5,280	8,448	13,517	21,627
Cost of maintenance at a time	100	103	106	109	113
Maintenance total costs	330,000	543,840	896,248	1,477,017	2,434,124
Annual fees	165,000	277,200	465,696	782,369	1,314,380
The company's fees from the provision of spare parts	33,000	54,384	89,625	147,702	243,412
<b>Total Revenues – Thousand JD</b>	<b>218</b>	<b>362</b>	<b>603</b>	<b>1,004</b>	<b>1,672</b>

## 5.5 The Projected Costs

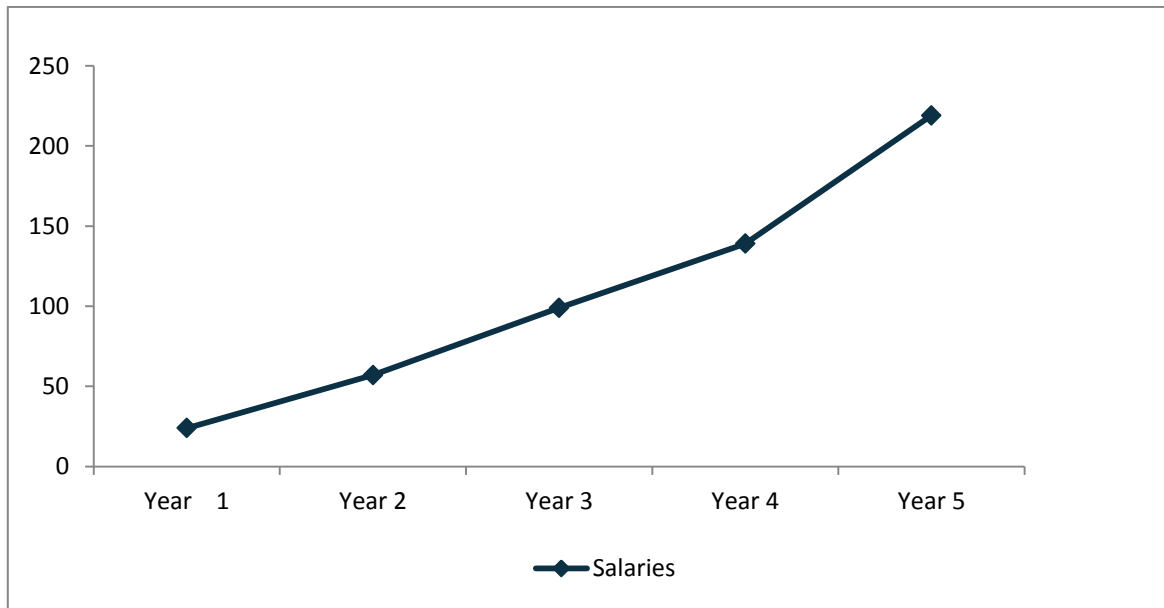
### Operating Costs

The following table shows the project's operating costs according to the previous assumption over five years. Salaries cost in Year 1 amounted to JD 24 thousand which increase to reach JD 219 thousand in Year 5.

**Table 22: Operating Costs**

Operating Costs (in thousand JD)					
Item	Year 1	Year 2	Year 3	Year 4	Year 5
Salaries	24	57	99	139	219
Staff Benefits	6	14	25	35	55
Staff Incentives	44	72	121	201	334
IT Cost	1	1	1	1	1
Depreciation	54	54	54	54	54
Vehicles (cars)	24	26	29	32	35
Electricity, Water	6.0	6.3	6.6	6.9	7.3
Others	4	4	4	4	4
<b>Total</b>	<b>163</b>	<b>235</b>	<b>339</b>	<b>472</b>	<b>709</b>

**Figure 3: Projected Operating Costs of the Project**



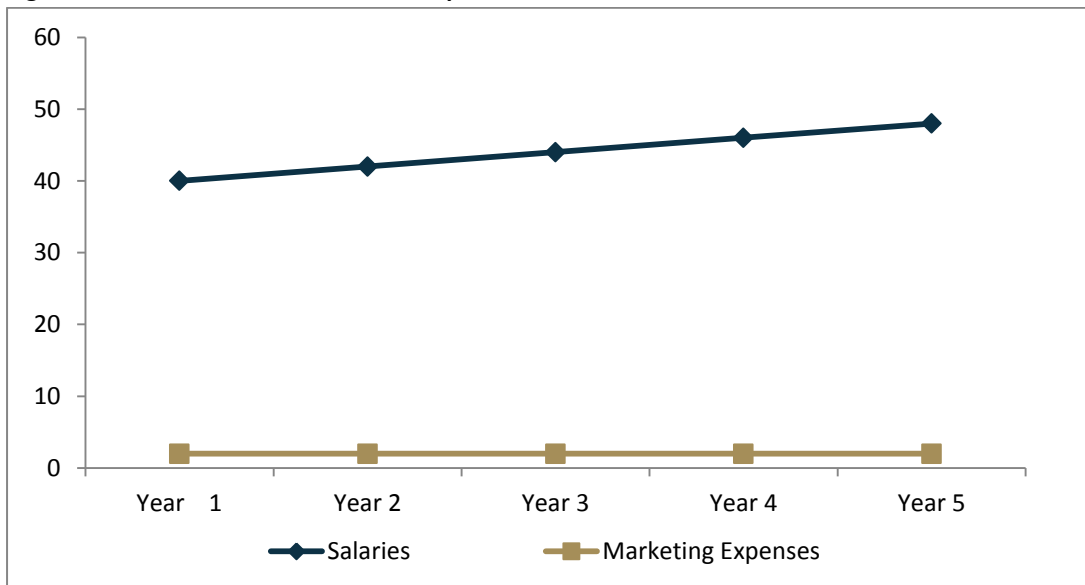
**Administrative Expenses**

The following table shows the projected administrative expenses of the project. Employees' salaries reach JD 40 thousand in the first year and increase to JD 48 thousand in the fifth year. The marketing expenses are about JD 2 thousand in all years.

**Table 23: General and Administrative Expenses**

General and Administrative Expenses (in thousand JD)					
Item	Year 1	Year 2	Year 3	Year 4	Year 5
Salaries	40	42	44	46	48
Staff Benefits	10	10	11	11	12
Stationery	2	2	2	2	2
hospitality	2	2	2	2	2
Services, Electricity, Water	2	2	2	2	2
Professional Fees	1	1	1	1	1
Marketing Expenses	2	2	2	2	2
Other Expenses	4	4	4	5	5
Amortization	23				
<b>Total</b>	<b>85</b>	<b>65</b>	<b>68</b>	<b>72</b>	<b>75</b>

**Figure 4: General and Administrative Expenses**



## 5.6 Projected Financial Statements

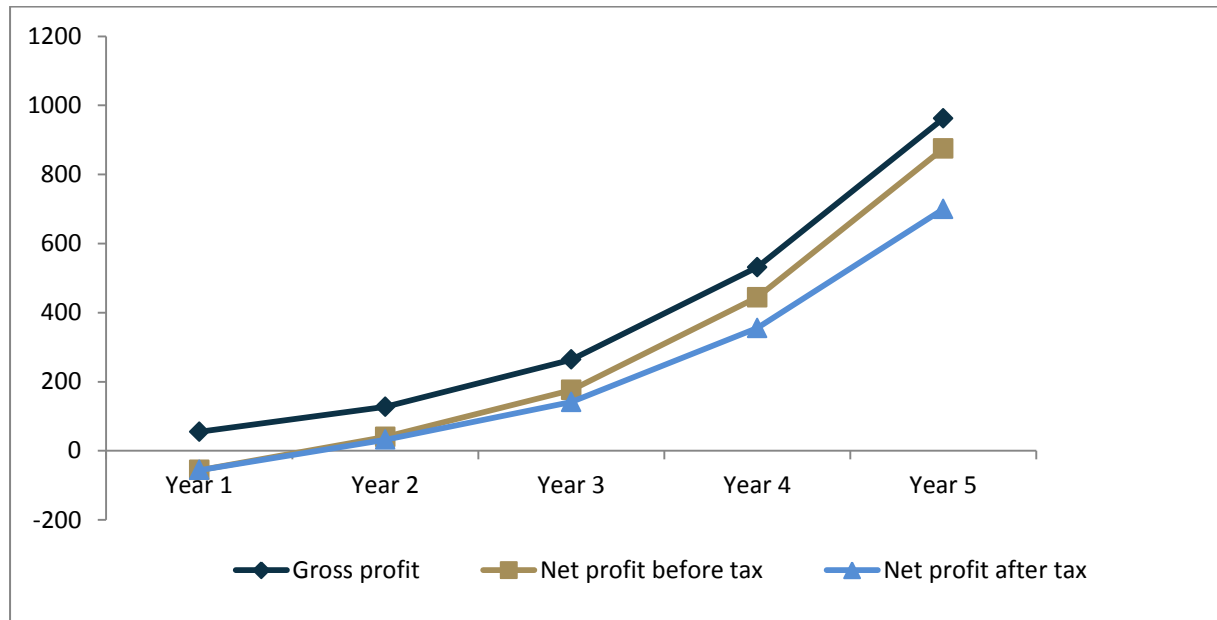
### Income Statement

The following table shows the projected income statement of the project. It indicates that gross profit will increase from JD 55 thousand in the first year to JD 962 thousand in the fifth year. The net profit before tax will also increase from JD 40 thousand in the second year to JD 875 thousand in the fifth year, and the net profit after tax will increase from JD 32 thousand in the second year to JD 700 thousand in the fifth year.

**Table 24: The Projected Income Statement**

Income Statement (in thousand JD)					
Item	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	218	362	603	1,004	1,672
Operating costs	163	235	339	472	709
Gross profit	55	127	264	531	962
Administrative expenses	85	65	68	72	75
Net profit	(30)	62	195	460	887
financial expenses	26	23	19	15	12
Net profit before tax	(56)	40	176	444	875
Tax	-	8	35	89	175
<b>Net profit after tax</b>	<b>(56)</b>	<b>32</b>	<b>141</b>	<b>355</b>	<b>700</b>

**Figure 5: Projected Income Statement**



### Projected Balance Sheet

The following table shows the projected balance sheet of the project during the first five years. It indicates that total assets will increase from JD 1.1 million in the year of incorporation to about JD 1.4 million in the fifth year. The Total liabilities will decrease from JD 276 thousand in the first year to about JD 198 thousand in the fifth year, and the shareholders' equity will increase from JD 875 thousand in the year of incorporation to about JD 1.2 million in the fifth year.

**Table 25: Projected Balance Sheet**

Projected Balance Sheet (in thousand JD)						
Statement	Year of incorporation	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Assets</b>						
Cash	124	108	128	176	276	469
Receivables		22	36	60	100	167
Inventory		-	-	-	-	-
Pre- Paid Expenses		-	-	-	-	-
Total Current Assets	124	129	164	236	376	636
Fixed Assets	1,043	1,043	1,043	1,043	1,043	1,043
Cumulative Depreciation	-	77	131	185	239	293
Net Fixed Assets	1,043	966	912	858	804	750
Total Assets	1,167	1,095	1,076	1,094	1,180	1,386
<b>Shareholders Equity and Liabilities</b>						
Accrued Expenses and Payables		24	35	51	71	106
Long Term Loans	292	252	212	172	132	92
Total Liabilities		276	247	223	203	198
Shareholders Contributions	875	875	875	875	875	875
Retained Earnings		(56)	(47)	(4)	102	312
Shareholders' Equity	875	819	829	871	978	1,188
Shareholders Equity and Liabilities	1,167	1,095	1,076	1,094	1,180	1,386

### Cash Flow Statement

The following table shows the projected cash flow statement of the project during the first five years. It indicates that the cash flow from operation will increase from JD 24 thousand in the first year to JD 723 thousand in the fifth year; while the Cash at the ending period will increase from JD 124 thousand in the year of incorporation to JD 469 thousand in the fifth year.

**Table 26: The Expected Cash Flows Statement**

Cash Flow Statement (in thousand JD)						
Statement	Year of incorporation	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Operation Activities</b>						
Net Profit	-	(56)	32	141	355	700
Depreciation	-	77	54	54	54	54
Change In Working Capital	-	3	(4)	(8)	(20)	(31)
Cash Flow From Operation	-	24	82	187	389	723
<b>Investing Activities</b>						
Fixed Assets	(1,043)	-	-	-	-	-
Cash From Investing Activities	(1,043)	-	-	-	-	-
<b>Financing Activities</b>						
Capital (Equity)	875	-				
Loan	292	(40)	(40)	(40)	(40)	(40)
Dividends		-	(22)	(99)	(249)	(490)
Cash Flow From Financing Activities	1,167	(40)	(62)	(139)	(289)	(530)
Net Cash Flow	124	(16)	20	48	100	193
Cash At The Beginning Period	0	124	108	128	176	276
Cash At The Ending Period	124	108	128	176	276	469

## 5.7 Financial, Economic and Social Analysis

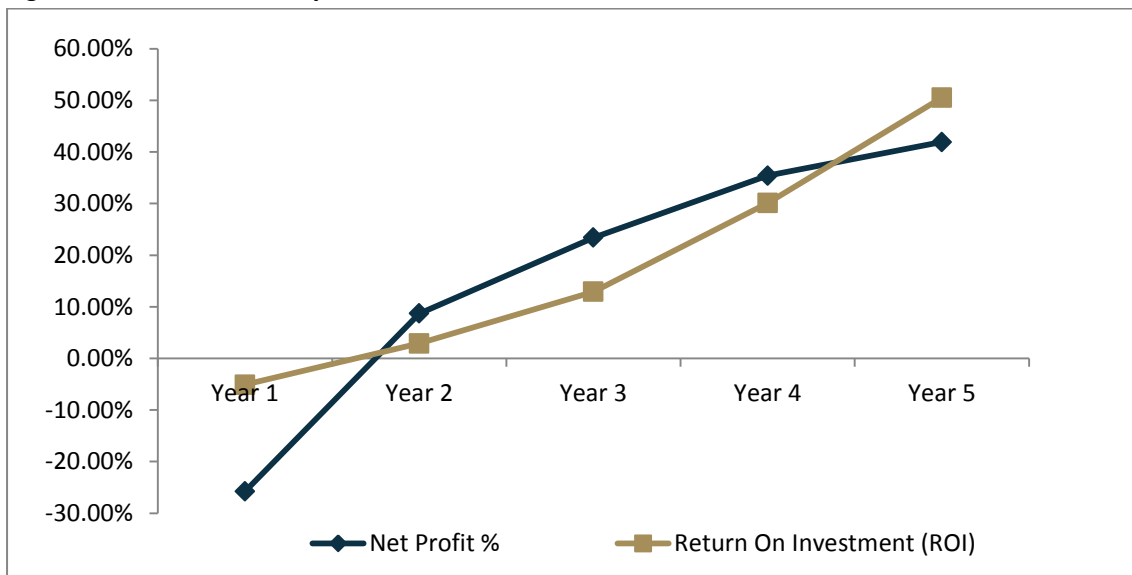
### Financial Analysis

The following table shows the financial analysis of the project. It indicates that the net profit ratio will increase from 8.7% in the second year to 41.9% in the fifth year, and the return on investment will increase from 2.9% in the second year to 50.5% in the fifth year.

**Table 27: Financial Analysis**

Financial Analysis (In Thousand JD)					
Item	Year 1	Year 2	Year 3	Year 4	Year 5
Assets	1,095	1,076	1,094	1,180	1,386
Revenues	218	362	603	1,004	1,672
Profits	(56)	32	141	355	700
Capital (Equity)	875	875	875	875	875
Net Profit %	-25.8%	8.7%	23.4%	35.4%	41.9%
Return On Investment (ROI)	-5.1%	2.9%	12.9%	30.1%	50.5%
Return On Capital (ROC)	-6.4%	3.6%	16.1%	40.6%	80.0%
Net Profit On Revenues	-25.8%	8.7%	23.4%	35.4%	41.9%
Assets Turnover (Time)	0.20	0.34	0.55	0.85	0.58

**Figure 6: The Financial Analysis**





### Economic Analysis

The following table shows the economic analysis of the project during the first five years, we conclude that:

- The Internal rate of return is 19.4%. It exceeded five times the risk free rate
- The present value of the project reached about JD 1.5 million. It exceeds the investment value with JD 1.1 million, which means the economic feasibility of the project.
- The profitability index of the project reached 1.28 times, which means that the expected value of the project will increase by one time the investment value, which proves that the project is feasible.
- The project payback period is 4.6 years.

**Table 28: the Economic Analysis**

Economic Analysis (in Thousand JD)						
Statement	Year of incorporation	Year 1	Year 2	Year 3	Year 4	Year 5
Net cash flow from operating and investing activities	(1,167)	24	82	187	389	723
terminal value						1,188
Net Cash flow	(1,167)	24	82	187	389	1,910
Internal Rate of Return (IRR)	19.4%					
present Value	1,490					
Net present value	323					
Profitability Index (Time)	1.28					
Payback period (Year)	4.6 years					

### Social Analysis

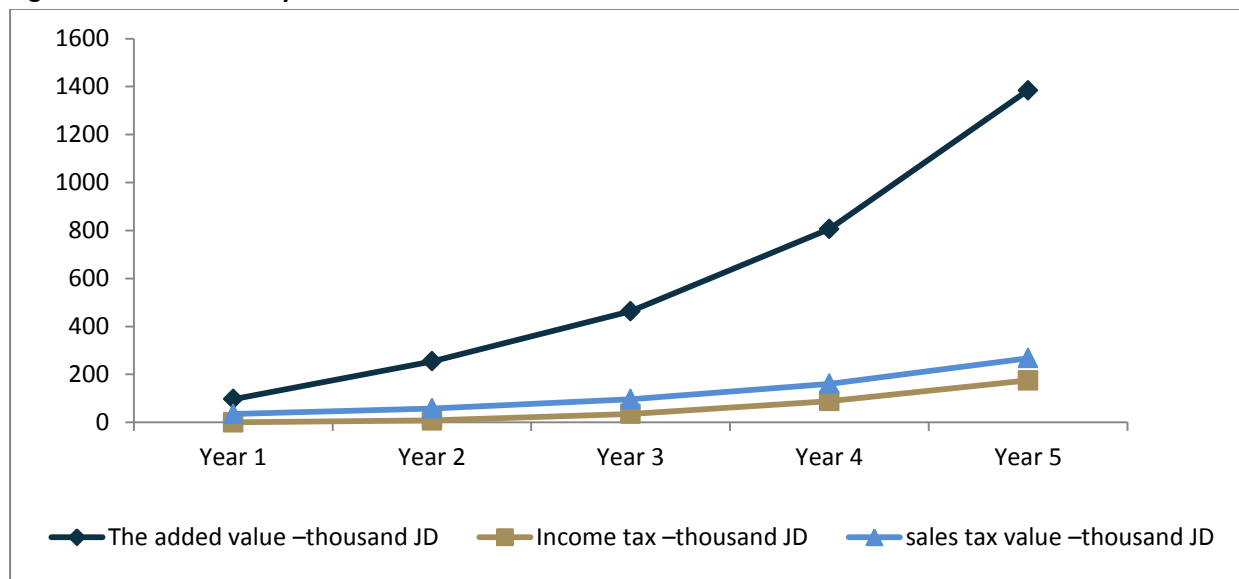
The following table shows the social analysis of the project. It is noticed that the number of staff required for the project will increase from 8 employees in the first year to 34 employees in the fifth year.

The added value of the project will also increase from JD 97 thousand in the first year to JD 1.4 million in the fifth year. The income tax will also increase from JD 8 thousand to reach JD 175 thousand in the fifth year.

**Table 29: the Social Analysis of the Project**

Social Analysis					
Statement	Year 1	Year 2	Year 3	Year 4	Year 5
Number of Employees	8	13	19	24	34
Jordanian employees	8	13	19	24	34
The added value –thousand JD	97	254	463	806	1,384
Income tax –thousand JD	0.0	7.9	35.2	88.8	175.0
sales tax value –thousand JD	34.9	58.0	96.5	160.6	267.5
Exports value / imports substitution	0	0	0	0	0

**Figure 7: The Social Analysis**



## 6. Risk and Sensitivity Analysis

### 6.1 Risk Analysis

The following table shows the risk matrix analysis that may face the project.

**Table 30: Project Risk Matrix**

Risks	Type of Risks	Risk Assessment
<b>Financial Risks</b>	<ul style="list-style-type: none"> <li>▪ <b>Credit Risk</b> Credit risk represents the risk of the company's financial loss as a result of the customer's default of the contractual obligation or that of the party dealing with the company through a financial instrument. These risks are mainly caused by trade receivables and others.</li> <li>▪ <b>Liquidity Risk</b> Liquidity risk is the risk resulting from the company's inability to meet its financial obligations at time. The company's liquidity management is to ensure as much as possible that the company always maintain enough liquidity to meet its obligations as they become due and payable in normal and emergency conditions without incurring unacceptable losses or risks that affect the company's reputation.</li> <li>▪ <b>risk of currency fluctuation</b> Currency risk is the risk of the fluctuation of the value of financial instrument, due to fluctuations in foreign</li> </ul>	<ul style="list-style-type: none"> <li>▪ The financial risks that may face the company are low, because the company payment method is cash</li> <li>▪ There is no risk of currency exchange, because the company sales and purchases by local currency</li> <li>▪ There is no risk of inflation because the company's pricing is based on a periodic basis</li> </ul>

Risks	Type of Risks	Risk Assessment
	<p>currency exchange rates.</p> <ul style="list-style-type: none"> <li>▪ <b>inflation risk</b> It is the risk associated with the possibility that the inflation or the rise in the cost of living might lead to the decrease the real value of the investment.</li> </ul>	
<p><b>Business risk (sector risk)</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Strategic Risk</b> It is the risk resulting from taking bad decisions by the company's management, or implementing the decisions in a wrong way, or not taking the decisions at the right time; which leads to losses or causes loss of alternative opportunities.</li> <li>▪ <b>Legal and Regulatory Risks</b> These risks are reflected as a result of non-compliance with laws, guidelines and instructions governing the work. Legal risks are caused by the company's break of the laws governing the work in the state in which the company operates. While regulatory risks arise from the company's violation of laws and standards issued by the regulatory authorities.</li> <li>▪ <b>Reputation Risk</b> Reputation risk arises from influential negative public views which result in great losses of customers or money. It includes the actions of the company's management or its employees which project a</li> </ul>	<ul style="list-style-type: none"> <li>▪ The risks are considered moderate before the company's establishment, because of getting the approval of the official authorities such as ministry of industry and trade</li> <li>▪ Reputational risk is very high, as the company deals with very sensitive issues such as Providing maintenance services for companies and houses</li> <li>▪ Market risk in the short term will be high Due to the existence of competing companies for the project</li> </ul>

Risks	Type of Risks	Risk Assessment
	<p>negative image of the company, its performance and its relationships with customers and other stakeholders. Reputation risk also results from circulating rumors about the company and its activities.</p> <p>▪ <b>Competition Risk</b> Competition risk results from domestic and external competitors and reduces sales and profits.</p>	
<p><b>Operational Risk</b></p>	<p>Operational risk involves losses resulting from the failure of internal operations, human resources and systems. It includes:</p> <p>▪ <b>IT Risks</b> They are losses arising from downtime or systems failure due to the infrastructure, information technology, or the lack of systems, and any failure or malfunction in the systems. They include: the crash of computer systems, breakdowns in communication systems, programming errors, computer viruses and opportunities losses due to breakdown.</p> <p>▪ <b>Human Resources Risk</b> Losses caused by employees or related to them (intentionally or unintentionally). It also includes acts that are intended as methods of</p>	<p>▪ Operational risks are very low, for the company will contract with specialized technical bodies to develop the required information systems, in order to manage operations</p> <p>▪ Competitive salaries will be paid</p> <p>▪ Information security plan will be put in place to safely keep the company information</p>

Risks	Type of Risks	Risk Assessment
	cheating, abusing property or circumvent the law, regulations or company policy by officials or employees, as well as losses arising from the relationship with the customer, shareholders, regulators and any third party.	
<b>State Risk</b>	State Risk includes politicians' interference, civil unrest, wars, financial and monetary policies and high level of debts.	<ul style="list-style-type: none"> <li>▪ State Risk is considered to be low, due to security and political stability; international reports indicate that State Risk is low both in medium and long terms</li> </ul>

## 6.2 Sensitivity Analysis

### First: Increase of Investment Cost By 10%

The following table shows the results of the sensitivity analysis when investment cost increases by 10%.

**Table 31: Investment Increase by 10%**

Index	Base	Impact	Change
Internal Rate of Return (IRR)	19.4%	17.4%	2.0%
The Present Value at a discount rate of 13%	1,490	1,527	(37)
Net Present Value at a discount rate of 13%	323	239	84
Profitability Index (Time)	1.3	1.2	0
Payback period (Year)	4.6	4.1	1
The Net Profit Ratio – an average of 5 years	16.7%	16.0%	0.7%
Return on Investment - an average of 5 years	18.3%	16.6%	1.7%
Return on Capital – an average of 5 years	26.8%	24.0%	2.8%
Net Profit On Revenues - an average of 5 years	16.7%	16.0%	0.7%
Assets Turnover (Time) – an average of 5 years	0.5	0.5	0.0
The added value - an average of 5 years (in thousand JD)	601	601	0.0
income tax - an average of 5 (in thousand JD)	61	61	0.4
sales tax - an average of 5 years (in thousand JD)	123	123	0.0

The above analysis refers to the feasibility of investment in the project, in light of the high cost of the total investment of the project, which increased by 10%. It is noted that:

- The internal rate of return reaches 17.4%, which is considered high for investment purposes
- The new payback period is 4.10 years, and it is reasonable for recovery purposes
- The return on capital is 24%, which is suitable for investment purposes

### Second: Reducing Revenues by 10%

The following table shows the results of the sensitivity analysis when reducing revenues by 10%.

**Table 32: Reducing Revenues 10%**

Index	Base	Impact	Change
Internal Rate of Return (IRR)	19.4%	14.4%	5.0%
The Present Value at a discount rate of 13%	1,490	1,234	257
Net Present Value at a discount rate of 13%	323	66	257
Profitability Index (Time)	1.3	1.1	0
Payback period (Year)	4.6	5.0	(0)
The Net Profit Ratio – an average of 5 years	16.7%	9.2%	7.5%
Return on Investment - an average of 5 years	18.3%	14.2%	4.1%
Return on Capital – an average of 5 years	26.8%	19.6%	7.2%
Net Profit On Revenues - an average of 5 years	16.7%	9.2%	7.5%
Assets Turnover (Time) – an average of 5 years	0.5	0.5	0.0
The added value - an average of 5 years (in thousand JD)	601	538	62.6
income tax - an average of 5 (in thousand JD)	61	47	14.6
sales tax - an average of 5 years (in thousand JD)	123	111	12.3

The above analysis shows the low sensitivity of the project in case of reducing the revenues or demand by 10%. It indicates that:

- The internal rate of return is 14.4%, which is considered high for investment purposes
- The new payback period is 5 years, and it is reasonable for recovery purposes
- The return on capital reaches 19.6%, which is suitable for investment purposes



**Third: Increasing the Operating Costs by 10%**

The following table shows the results of the sensitivity analysis when increasing the operating costs by 10%.

**Table 33: Increasing the Operating Costs by 10%**

Index	Base	Impact	Change
Internal Rate of Return (IRR)	19.4%	16.8%	2.6%
The Present Value at a discount rate of 13%	1,490	1,357	134
Net Present Value at a discount rate of 13%	323	189	134
Profitability Index (Time)	1.3	1.2	0
Payback period (Year)	4.6	4.1	1
The Net Profit Ratio – an average of 5 years	16.7%	11.9%	4.9%
Return on Investment - an average of 5 years	18.3%	16.3%	2.0%
Return on Capital – an average of 5 years	26.8%	23.2%	3.6%
Net Profit On Revenues - an average of 5 years	16.7%	11.9%	4.9%
Assets Turnover (Time) – an average of 5 years	0.5	0.5	0.0
The added value - an average of 5 years (in thousand JD)	601	570	31.4
income tax - an average of 5 (in thousand JD)	61	54	7.0
sales tax - an average of 5 years (in thousand JD)	123	123	0.0

The above analysis shows the feasibility of the project in light of increasing the operating costs of the project by 10%. It indicates that:

- The internal rate of return is 16.8%, which is considered high for investment purposes
- The new payback period is 4.10 years, and it is reasonable for recovery purposes
- The return on capital is 23.2%, which is suitable for investment purposes